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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 ON Semiconductor Corporation, et al.,

No. CV-16-01055-PHX-DLR

10 Plaintiffs,

ORDER

11 v.

12 Micro Processing Technology Incorporated,

13 Defendant.
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16 Plaintiffs are ON Semiconductor Corporation and Semiconductor Components
17 Industries, LLC (ON). Defendant is Micro Processing Technology Incorporated (MPT).
18 At issue is MPT's Motion to Dismiss ON's Amended Complaint or, in the Alternative, to
19 Transfer Venue. (Doc. 14.) The motion is fully briefed, and the Court heard oral on
20 December 15, 2016. The Court also has considered the parties' supplemental briefs
21 regarding whether a party can waive a forum selection clause through litigation-related
22 conduct. (Docs. 46-47.) For the following reasons, MPT's motion to transfer venue is
23 granted and this matter is transferred to the Middle District of Florida.

24 **BACKGROUND**

25 This case presents, *inter alia*, a dispute over the inventorship of three patents
26 (Patents-in-Suit). The Patents-in-Suit also are implicated in a separate case brought by
27 Plasma-Therm, LLC against MPT in the Middle District of Florida, *Plasma-Therm*
28 *LLC v. Micro Processing Technology, Inc.*, No. 8:15-cv-02785-CEH-TBM (Florida

1 Litigation). For context, the Court will discuss each case before reaching the merits of
2 MPT's motion.

3 **I. Allegations in the Amended Complaint¹**

4 ON manufactures integrated circuits, which are used in a variety of electronic
5 applications and generally consist of a "chip" connected by wires to a number of "pins"
6 and encapsulated in a plastic case. These chips are manufactured in bulk on large platters
7 called "wafers," which typically consist of a semiconductor substrate material atop a
8 metal backing. A single wafer can contain thousands of chips that must be separated
9 carefully from each other through a process called "singulation," which involves sawing
10 through the portion of the wafer between each chip. It can take up to ten hours to
11 singulate a wafer because the space between each chip is small and the cuts must be
12 precise to avoid damage.

13 Prior to 2008, ON developed and patented a plasma etching technique (Plasma
14 Singulation) to replace the sawing process. Though Plasma Singulation significantly
15 reduces the time it takes to singulate a wafer, it does not remove the wafer's metal
16 backing. To solve this problem, ON and MPT entered into a three-year Confidentiality
17 and Non-Disclosure Agreement (NDA), and began experimenting with different methods
18 to separate the metal backing. One such method involved cutting the metal backing using
19 a tool similar to a pizza cutter (Mechanical Cutting-Based Singulation). Another
20 involved applying stress to the wafer using a stylus (Stylus-Based Singulation).

21 In February 2012, ON employee Gordon Grivna conceived of the idea to use a
22 uniform pressure differential-based stress on the wafer, which involves fracturing the
23 metal backing between each chip by applying high pressure on one side of the wafer
24 instead of cutting through the metal backing (Uniform Pressure Differential-Based
25 Singulation). Between March and June 2012, Grivna tested and refined this method.

26 In May 2012, P.C. Lindsey of MPT visited Grivna and other ON employees to
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28 ¹ The following information is taken from the Amended Complaint, (Doc. 13), and
accepted as true for purposes of this order. *Cousins v. Lockyer*, 568 F.3d 1063, 1067 (9th
Cir. 2009).

1 discuss the latest singulation results. During that visit, Grivna's Uniform Pressure
2 Differential-Based Singulation experiments were openly visible. In the months that
3 followed, Grivna shared with Mr. Lindsey and MPT confidential information regarding
4 some of the methods he was exploring, including Stylus-Based and Uniform Pressure
5 Differential-Based Singulation. In August 2013, the parties entered into a second,
6 identical NDA to allow them to continue their joint work.

7 ON alleges that, between 2011 and 2013, MPT surreptitiously patented singulation
8 methods first conceived of by ON employees. Specifically, on August 2, 2011, MPT
9 filed a patent application, which issued as U.S. Patent No. 8,450,188 (188 Patent),
10 claiming ownership and inventorship of, among other things, Mechanical Cutting-Based
11 Singulation. On January 16, 2013, MPT filed another patent application, which issued as
12 U.S. Patent No. 9,153,493 (493 Patent), claiming ownership and inventorship of, among
13 other things, Stylus-Based Singulation. Finally, on September 12, 2013, MPT filed a
14 provisional patent application, which issued as U.S. Patent No. 8,906,745 (745 Patent),
15 claiming ownership and inventorship of, among other things, Uniform Pressure
16 Differential-Based Singulation. The 188 and 493 Patents list Lindsey as the sole inventor
17 and the 745 Patent lists Lindsey and a fellow MPT employee, Darrell Foote, as the sole
18 inventors.

19 On November 9, 2015, ON received a letter from MPT asserting that it conceived
20 of and owned the "idea of applying pressure to the tape across the entire wafer
21 simultaneously," and that ON's work to develop back-metal processing technology
22 violated the NDA. ON responded that MPT had not shared any confidential information
23 with it, but that ON had been working on its own technology since early 2012 and had
24 shared its confidential information with MPT. In a subsequent letter, MPT referred for
25 the first time to its patented process to utilize uniform pressure across the entire wafer,
26 alleged that ON's work with a third-party potentially infringed on MPT's patent, and
27 demanded that ON cease and desist its use of MPT's patents and trade secrets.²

28 ² Though not expressly alleged, it appears that this third-party is Plasma-Therm.

1 Upon reviewing MPT's patents, ON learned that they covered technology
2 invented in whole or in part by ON, and that MPT had disclosed confidential information
3 covered by the parties' NDAs in its patent applications. Consequently, in April 2016 ON
4 initiated this action asserting seven claims to relief. Counts I-III seek to correct the
5 inventorship of the three patents to name Grivna as joint inventor, Counts IV-VI allege
6 that MPT breached the parties' NDAs by disclosing confidential information in the
7 applications for the Patents-in-Suit, and Count VII alleges that MPT misappropriated
8 ON's trade secrets through the same disclosures.

9 **II. The Florida Litigation**³

10 In December 2015, several months before ON initiated this lawsuit, Plasma-Therm
11 brought suit against MPT in the Middle District of Florida. According to its First
12 Amended Complaint, (Doc. 40), Plasma-Therm manufactures etching and thin film
13 deposition equipment for the semiconductor industry and has developed and patented a
14 plasma-dicing method of singulation and methods for separating the metal backing on a
15 semiconductor substrate. Plasma-Therm and MPT entered into a NDA in June 2011,
16 under which they shared certain information related to back-metal processing methods.
17 Ultimately, however, the parties did not enter any further business transactions related to
18 the technology.

19 In November 2015, MPT sent a letter to Plasma-Therm demanding that it cease
20 and desist its infringement of MPT's patents and misappropriation of MPT's trade
21 secrets. Plasma-Therm brought suit seeking a declaratory judgment of non-infringement
22 as to the Patents-in-Suit. Plasma-Therm also sought a declaratory judgment that the
23 Patents-in-Suit are unenforceable because MPT failed to name Grivna as a joint inventor.
24 On June 30, 2016, however, Plasma-Therm voluntarily dismissed its unenforceability
25 claims without prejudice. (Doc. 49.)

26
27 ³ The following information is taken from the docket in the Florida Litigation,
28 which the Court may judicially notice. *See Reyn's Pasta Bella, LLC v. Visa USA, Inc.*,
 442 F.3d 741, 746 (9th Cir. 2006). Record citations in this subsection refer to entries on
 the Florida Litigation docket.

On January 18, 2017, MPT filed counterclaims against Plasma-Therm for, among other things, patent infringement and misappropriation of trade secrets. MPT also brought a third-party counterclaim against ON, alleging, in relevant part, that ON breached a License Agreement entered into by the parties in August 2014 and contributed to or induced Plasma-Therm to infringe on the Patents-in-Suit. Grivna is named as a third-party counter-defendant in the Florida Litigation. (Doc. 85.)

III. MPT's Motion

MPT moves to dismiss this case pursuant to Federal Rule of Civil Procedure 12(b)(7), arguing that Grivna is a necessary and indispensable party that ON has failed to join. (Doc. 14.) Alternatively, MPT moves the Court, pursuant to 28 U.S.C. § 1404(a), to transfer this case either to the Northern District of California or to the Middle District of Florida. During oral argument, however, MPT modified its position and requested that the Court decide first whether a transfer of venue is appropriate and, if so, to reserve the Rule 12(b)(7) question for the transferee court to decide. (Doc. 48 at 8-9.) MPT also argued that the Middle District of Florida is the most appropriate forum in light of the related litigation there concerning the Patents-in-Suit. Because the Court finds that a transfer of venue to the Middle District of Florida is appropriate, it will oblige MPT's request and reserve judgment on the Rule 12(b)(7) question.⁴

LEGAL STANDARD

For the convenience of the parties and witnesses, and in the interests of justice, 28 U.S.C. § 1404(a) allows a district court to transfer a civil action to any district in which

⁴ The Rule 12(b)(7) question seems avoidable. In arguing that Grivna is not a necessary and indispensable party, ON relies entirely on information not included in the Amended Complaint. It appears that the parties nearly reached an agreement by which ON would file a second amended complaint that includes this information and MPT would withdraw its Rule 12(b)(7) motion. The agreement evidently fell apart because MPT would not agree to waive its right to re-assert the necessity of Grivna's joinder if deemed necessary by subsequent factual developments. (Doc. 26-1.) Though the Court does not decide the Rule 12(b)(7) question here, it nonetheless notes that the allegations in ON's Amended Complaint do not support its position on the issue. If the extrinsic information supplied by ON in its response brief is necessary to show that Grivna is not a necessary and indispensable party, ON should include such information in the operative complaint.

the case originally could have been brought. Section 1404(a) therefore requires the Court to make two findings: (1) the transferee court is one in which the case could have been brought and (2) the convenience of the parties and witnesses and the interests of justice favor transfer. *Hatch v. Reliance Ins. Co.*, 758 F.2d 409, 414 (9th Cir. 1985). The movant bears the burden of showing that a transfer is warranted. *Commodity Futures Trading Comm’n v. Savage*, 611 F.2d 270, 279 (9th Cir. 1979).

DISCUSSION

I. Propriety of Venue in the Middle District of Florida

Pursuant to 28 U.S.C. § 1391(b):

A civil action may be brought in—

(1) a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located;

(2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated; or

(3) if there is no district in which an action may otherwise be brought as provided in this section, any judicial district in which any defendant is subject to the court’s personal jurisdiction with respect to such action.

For venue purposes, a corporation “shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court’s personal jurisdiction with respect to the civil action in question.” 28 U.S.C. § 1391(c)(2). MPT admits, in relation to this case, that it is subject to personal jurisdiction in the Middle District of Florida. MPT therefore argues that ON could have brought this action in the Middle District of Florida because MPT resides there for venue purposes. The Court agrees. This case could have been brought in the Middle District of Florida because MPT is subject to personal jurisdiction there with respect to this action.

II. Convenience

When determining whether the convenience of the parties and witnesses favor a transfer, a court weighs multiple factors, including:

1 (1) the location where the relevant agreements were
2 negotiated and executed, (2) the state that is most familiar
3 with the governing law, (3) the plaintiff's choice of forum, (4)
4 the respective parties' contacts with the forum, (5) the
5 contacts relating to the plaintiff's cause of action in the
6 chosen forum, (6) the differences in the costs of litigation in
7 the two forums, (7) the availability of compulsory process to
8 compel attendance of unwilling non-party witnesses, and (8)
9 the ease of access to sources of proof. Additionally, the
10 presence of a forum selection clause is a "significant factor"
11 in the court's § 1404(a) analysis.

12 *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498-99 (9th Cir. 2000). On balance, the
13 Court finds that these factors are neutral.

14 As to the first factor weighs, several of ON's claims allege that MPT violated the
15 parties' NDAs, which were prepared in Arizona. Though neither party discloses where
16 the NDAs were negotiated and executed, it is reasonable to infer that these activities
17 occurred either in Arizona, where ON is headquartered and where the NDAs were
18 prepared, or in California, where MPT is incorporated and headquartered. The Court
19 finds, however, that this factor is of little importance. Indeed, though the location where
20 the NDAs were negotiated and executed might inform the analysis of other factors—for
21 example, the parties' contacts with the forum and the ease of access to proof—it is not
22 clear what independent significance this factor has that would make Arizona a more
23 convenient forum.

24 The second factor is neutral. Only one of ON's claims—misappropriation of trade
25 secrets—is governed by Arizona state law. ON's remaining claims for correction of
26 patent inventorship and breach of contract are governed by federal patent law and New
27 York state law, respectively. Although this Court might be more familiar with Arizona
28 law than the Middle District of Florida, there is no reason to believe it is more familiar
with federal patent or New York law, which predominate in this case. Moreover, federal
courts routinely are tasked with applying the laws of other states. There is no reason to
believe the Middle District of Florida is less equipped to apply Arizona law. Nothing
about this factor suggests that the Middle District of Florida would be a less convenient
forum.

1 The third factor will almost always weigh against a transfer of venue. ON chose
2 to litigate in Arizona and “[c]ourts do not lightly disturb a plaintiff’s choice of forum.”
3 *Sidi Spaces LLC v. CGS Premier Inc.*, No. CV16-01670-PHX-DGC, 2016 WL 3654306,
4 at *2 (D. Ariz. July 6, 2016). The very fact that Congress has created a mechanism for
5 transferring venue, however, demonstrates that this factor cannot, alone, carry the day.

6 The fourth and fifth factors—which pertain to the parties’ contacts with the forum,
7 generally and in connection with the specific cause of action—are neutral. It appears that
8 both parties have substantial contacts with Arizona—ON is headquartered here and the
9 parties have worked together in Arizona on the technology at issue. Moreover, the NDAs
10 were prepared by ON in Arizona and the inventions and trade secrets that ON claims
11 MPT misappropriated and incorrectly claimed sole inventorship over allegedly were
12 developed by Grivna in Arizona. MPT, however, has offered evidence that ON’s supply
13 chain includes a Florida distributorship, and that ON and Grivna have substantial
14 business dealings in Florida with Plasma-Therm involving similar technology. (Doc. 26
15 at 11-12.) On balance, these contacts do not weigh heavily for or against a transfer.

16 Likewise the sixth through eighth factors are relatively neutral. ON contends that
17 it will be more costly for it to litigate this matter in Florida because “[a]ll of ON’s
18 documents and its employees and individuals with knowledge underlying the claims are
19 in Arizona,” and therefore “[e]very single potential witness would have to be flown out to
20 Florida for trial.” (Doc. 21 at 17.) ON also contends that, “to the extent there are non-
21 party witnesses, they likely reside in Arizona or California Florida would not be able
22 to compel their attendance.” (*Id.*) Finally, ON argues that the evidence supporting its
23 claims, including proof that Grivna invented the technology at issue and proof that MPT
24 breached the NDAs, is either in Arizona or California. (*Id.*) If this case were the only
25 matter involving these patents and these parties, the Court might agree. But, as MPT
26 points out, these same patents already are at issue in the earlier-filed Florida Litigation, to
27 which ON and Grivna are now parties. Litigation costs likely would be lower for all
28 parties if both cases are tried together. Moreover, neither party identifies a single witness

1 who could not be produced in Florida.

2 Finally, the presence of a forum selection clause is a significant factor that the
3 Court may consider. Here, MPT argues that ON's claims relate to a License Agreement
4 entered into by the parties in 2014, and that the License Agreement contains a forum
5 selection clause designating the Northern District of California as the venue in which
6 such disputes must be heard. MPT contends, however, that ON has waived the forum
7 selection clause by bringing this lawsuit in Arizona, and states that it is willing to waive
8 the forum selection clause if the Court determines that the Middle District of Florida is a
9 more appropriate venue. On the other hand, ON argues that its claims do not relate to the
10 License Agreement and, therefore, the forum selection clause is not implicated. If the
11 Court were to adopt either party's position, the result would be the same: the Court could
12 disregard the forum selection clause and either keep the case or transfer it to the Middle
13 District of Florida. Neither party seems interested in enforcing this forum selection
14 clause. The Court therefore finds that the presence of a forum selection clause in a
15 License Agreement that neither party genuinely is seeking to enforce, and which might
16 not be implicated or might have been waived, does not affect the transfer analysis.

17 **III. Interests of Justice**

18 Importantly, the convenience factors enumerated by the Ninth Circuit are not
19 exhaustive, nor are they relevant to all cases. Instead, courts have discretion "to
20 adjudicate motions for transfer according to an individualized, case-by-case consideration
21 of convenience and fairness[.]" *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 23
22 (1988). In addition to considering the convenience to the parties and witnesses, courts
23 must assess whether the interests of justice would be served by a transfer of venue. Such
24 is the case here because trying this matter and the Florida Litigation separately will
25 needlessly duplicate judicial resources and present the risk of conflicting results.

26 For example, ON seeks to correct the Patents-in-Suit to name Grivna as a co-
27 inventor. Such a correction, however, likely would affect ownership of the Patents-in-
28 Suit. Although "issues of patent ownership are distinct from questions of inventorship,"


1 the two concepts interrelate. *Israel Bio-Engineering Project v. Amgen, Inc.*, 475 F.3d
2 1256, 1263 (Fed. Cir. 2007). “An application for a patent must be made by or on behalf
3 of the actual inventor or inventors,” *Beech Aircraft Corp. v. EDO Corp.*, 990 F.2d 1237,
4 1248 (Fed. Cir. 1993), and “[i]t is a bedrock tenet of patent law that an invention
5 presumptively belongs to its creator,” *Israel*, 475 F.3d at 1263 (quotations and citation
6 omitted). Thus, “[a]t the heart of any ownership analysis lies the question of who first
7 invented the subject matter at issue, because the patent right initially vests in the inventor
8 who may then . . . transfer that right to another[.]” *Beech*, 990 F.2d at 1248.

9 ON alleges that Grivna is a co-inventor of the patented technologies. Though not
10 alleged in the complaint, ON asserts in its briefs that Grivna “assigned all right, title and
11 interest in any invention to ON,” and consequently “should . . . Grivna be entitled to any
12 rights in any of the patents-in-suit, those rights have already been transferred to ON.”
13 (Doc. 21 at 5.) Thus, if Grivna is found to be a co-inventor of the Patents-in-Suit, then
14 ON, as Grivna’s assignee, potentially could assert joint ownership rights over those
15 patents.

16 Such a result could have meaningful consequences for the Florida Litigation. If
17 ON is found to be a joint owner of the Patents-in-Suit, it likely must be named as a party
18 to Plasma-Therm’s lawsuit, which seeks a determination of non-infringement. Likewise,
19 a determination that ON jointly owns the Patents-in-Suit likely would have implications
20 for MPT’s third-party counterclaims, which accuses ON of inducing or contributing to
21 Plasma-Therm’s infringement. More importantly, however, “[a]n action for infringement
22 must join as plaintiffs all co-owners.” *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d
23 1456, 1467 (Fed. Cir. 1998). “[A]s a matter of substantive patent law, all co-owners must
24 ordinarily consent to join as plaintiffs in an infringement suit.” *Id.* at 1498. Stated
25 otherwise, a patent co-owner has a substantive right “to impede an infringement suit
26 brought by another co-owner,” which “trumps the procedural rule for involuntary joinder
27 under Rule 19(a).” *STC.UNM v. Intel Corp.*, 754 F.3d 940, 946 (Fed. Cir. 2014). Thus,
28 if ON is found to be a joint owner of the Patents-in-Suit, it could defeat MPT’s

1 **IT IS ORDERED** that Defendant's Motion to Dismiss ON's Amended Complaint
2 or, in the Alternative, to Transfer Venue, (Doc. 14), is **GRANTED IN PART**. This
3 matter is hereby transferred to the Middle District of Florida.

4 Dated this 8th day of February, 2017.

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9 Douglas L. Rayes
 United States District Judge